

REPRESENTATIVE FOR PETITIONER: Anthony Vice, Attorney

REPRESENTATIVE FOR RESPONDENT: Marilyn S. Meighen, Attorney

**BEFORE THE
INDIANA BOARD OF TAX REVIEW**

Justin Fox,)	Petition:	53-009-16-1-5-01727-16
)		
Petitioner,)	Parcel:	53-08-04-107-004.000-009
)		
v.)	County:	Monroe
)		
Monroe County Assessor,)	Assessment Year:	2016
)		
Respondent.)		

Appeal from the Final Determination of the
Monroe County Property Tax Assessment Board of Appeals

December 18, 2017

FINAL DETERMINATION

The Indiana Board of Tax Review (“Board”), having reviewed the facts and evidence, and having considered the issues, now finds and concludes the following:

INTRODUCTION

1. The parties offered competing valuation opinions from two appraisers—Michael Ross for the Petitioner (“Justin Fox”), and Wayne Johnson for the Monroe County Assessor. The Petitioner also offered a GRM valuation prepared by William Ellis. All of the witnesses valued the property below the assessment. We find Johnson’s appraisal to be the most persuasive evidence of the property’s true tax value.

PROCEDURAL HISTORY

2. The Petitioner timely filed a notice for review with the Monroe County Property Tax Assessment Board of Appeals (“PTABOA”) for the 2016 assessment year. The PTABOA issued a determination (“Form 115”) valuing the property as follows:

Year	Land	Improvements	Total
2016	\$60,000	\$182,100	\$242,100

3. The Petitioner then filed a Form 133 petition with the Board. The Board issued a Notice of Defect because two sections of the Form were incomplete. The Board then dismissed the Petition after the Petitioner failed to respond to the Notice of Defect. The Petitioner filed for Rehearing, which the Board granted.
4. Normally, if a Petitioner wishes to appeal a Form 115 determination they must file a Form 131 with the Board within 45 days of the date the Form 115 is issued. In this case, the Petitioner erroneously filed a Form 133 instead of a Form 131, but he did file it within the Form 131 deadline. The parties agreed to treat the Form 133 as a constructively filed Form 131 for purposes of this appeal.
5. On September 20, 2017, our designated administrative law judge, Timothy Schuster (“ALJ”), held the rehearing. Neither he nor the Board inspected the property.
6. Marilyn S. Meighen represented the Assessor. Anthony Vice represented the Petitioner.
7. The Petitioner offered the following exhibits as part of the record:

- Petitioner’s Ex. A: Appraisal Report prepared by Michael A. Ross,
- Petitioner’s Ex. B: Letter from Ross regarding aging the September 2014 appraisal,
- Petitioner’s Ex. C: Photographs of the interior of the subject property,
- Petitioner’s Ex. D: Rental listing for the subject property,
- Petitioner’s Ex. E: A letter from William Ellis,
- Petitioner’s Ex. F: A spreadsheet and map prepared by William Ellis,
- Petitioner’s Ex. G: Rental listing for 107 E. 1st Street,
- Petitioner’s Ex. H: 2017 property record card, photographs, and other documents related to 107 E. 1st Street,

Petitioner’s Ex. I: 2017 property record card, photographs, and other documents related to 210 E. Grimes Lane,
 Petitioner’s Ex. J: Rental listing for 1315 S. Washington Street,
 Petitioner’s Ex. K: 2017 property record card, photographs, and other documents related to 1315 S. Washington Street,
 Petitioner’s Ex. L: 2017 property record card, photographs, and other documents related to 616 E. 1st Street,
 Petitioner’s Ex. M: Photographs of 616 E. 1st Street,
 Petitioner’s Ex. N: 2017 property record card, photographs, and other documents related to 323 S. Eastside Drive,
 Petitioner’s Ex. O: “Property Profile Report” for 323 S. Eastside Drive,
 Petitioner’s Ex. P: 2017 property record card, photographs, and other documents related to 402 E. Mitchell Street,
 Petitioner’s Ex. Q: 2017 property record card, photographs, and other documents related to 501 E. Swain Avenue.

8. The Respondent offered the following exhibits as part of the record:

Respondent’s Ex. A: 2016 property record card for the subject property,
 Respondent’s Ex. B: Appraisal report prepared by Wayne Johnson,
 Respondent’s Ex. C: An excerpt from Indiana Code § 6-1.1-4-39.

9. The record also includes the following: (1) all pleadings and documents filed in the current appeal; (2) all orders and notices issued by the Board or our administrative law judge; and (3) a digital recording of the hearing.

FINDINGS OF FACT

A. The Subject Property

10. The subject property consists of a house and associated land located at 722 E. Hunter Avenue in Bloomington, Indiana. The house was built in 1945 and is used as a rental property. It has four bedrooms. There are 908 sq. ft. of above grade living space and 908 sq. ft. in a below grade basement, of which 750 are finished. *Pet. Ex. A; Resp’t Ex. A*
11. The property is located approximately two blocks south of the Indiana University campus and within one mile of downtown. The Bloomington market is aggressive and the demand for student rental properties is high. *Resp’t Ex. B at 5; Pet. Ex. E; Johnson testimony; Ross testimony.*

B. Opinions of Value

1. Johnson's Appraisal

12. The Assessor hired Wayne Johnson, of First Appraisal Group, Inc., to appraise the true tax value of the fee simple interest in the property. He holds MAI, RM, and MRICS designations and is an Indiana licensed appraiser.¹ He is a member of the Indiana Real Estate Appraiser Certification Board and has appraised properties for the Indiana Department of Transportation, local courts, cities, towns, and law firms. He certified that his appraisal conforms with the Uniform Standards of Professional Appraisal Practice ("USPAP"). *Resp't Ex. B at 15; Johnson testimony.*

a. Johnson's Research and Market Overview

13. Johnson valued the property as of the January 1, 2016 assessment date. He identified the relevant neighborhood as an area located south of Atwater Avenue, north of East University Street, east of South Dunn Street, and west of South Jordan Avenue. Johnson noted that location affects the value of a property. In particular, he explained that a unit's proximity to the Indiana University campus affects demand and rental rates. He found the property had good accessibility to the university, shopping, schools, and other destinations. He also noted that the market conditions were good. Johnson considered the subject property to be in average condition compared to similar properties. *Resp't Ex. B at 5, 35-43; Johnson testimony.*

b. Johnson's Valuation Approaches

14. Johnson considered all three generally recognized approaches to value—the sales-comparison, income, and cost approaches. He ultimately developed only the sales-comparison and income approaches. Johnson did not develop the cost approach because he found the subject property to be too old for the cost approach to be relevant. *Johnson testimony.*

¹ Member of the Appraisal Institute, Residential Member, and Member, Royal Institution of Chartered Surveyors, respectively.

i. Johnson's Sales-Comparison Approach

15. For his sales-comparison analysis, Johnson focused on fee simple sales. Johnson also included one listing. Johnson's goal was to find comparable properties within "a couple blocks, maybe 3 blocks of campus as best possible." He could not find enough comparables within these parameters, so he also looked at comparables that were farther away. *Resp't Ex. B at 6-7; Johnson testimony.*
16. Johnson identified three comparable properties that sold between March 31, 2016 and August 11, 2016. They are located at 616 E. 1st Street, 401 S. Mitchell Street, and 323 S. Eastside Drive. Johnson selected the property on 1st Street, which is a little farther away from campus, because he felt that he "could not find a third or fourth comp. near the same time in that area that's close to campus on the south side." Comparable #1 is located in a mixed area of owner-occupied and rental properties. Comparable properties #2 and #3 are rental units. Comparable #3 sold on August 11, 2016, this is the farthest sale date from the effective date. Johnson also included one listing, which he stated should represent an upper boundary for the subject property's value. *Resp't Ex. B at 6-7; Johnson testimony.*
17. Johnson made a number of adjustments to each comparable for factors such as location, gross living area, condition, and number of bedrooms above/below grade. He also made a small upward adjustment for parking to each comparable because the subject property contained a gravel parking lot. After adjustment, the sale prices ranged from \$209,500 to \$249,200. He reconciled these to a value of \$235,000 for his sales-comparison approach. *Resp't Ex. B at 6; Johnson testimony.*

ii. Johnson's GRM Approach

18. Johnson also developed an income approach using the gross rent multiplier ("GRM") method. The GRM is a common method to value properties with less than four units. Owners and relators use it because it relates to the potential income a property could yield. Johnson described the GRM as a factual, mathematical relationship, and it requires actual sales and rent data. The GRM is then developed by dividing sales prices by

monthly or annual rent. The final value is derived by multiplying the monthly or annual rent of the subject property by the GRM. *Johnson testimony.*

19. Johnson began developing his GRM by comparing sales prices to gross rent for local properties that sold between April 2010 and August 2016. He drew his data from the MLS² and his files. Johnson's files contained information from properties where he conducted an appraisal and had verified rent statements from the landlord or tenants. The data included the sale price at the time of sale and the monthly rent at the time of sale. His initial research found 43 properties that sold between the dates above.³ He then narrowed the selected properties using the sale dates, locations, and number of bedrooms. He ultimately settled on 11 properties that sold between 2014 and 2016. *Resp't Ex. B at 21-25; Johnson testimony.*
20. Johnson arrived at a GRM of 125 for the subject property by calculating the average and median GRM for the 11 selected properties. Johnson did not adjust his GRM noting that "GRMs should never be adjusted, it's a factual relationship." *Resp't Ex. B at 21-25; Johnson testimony.*
21. Johnson then estimated the subject property's monthly rent per bedroom. He selected 14 properties, the majority of which came from his GRM data. Using these comparables Johnson divided the rent as of the sale date by the number of bedrooms listed. This yielded a rent estimate of \$500/month per bedroom. He counted four bedrooms for the subject property based off the website listing for the property.⁴ This resulted in a monthly market rent of \$2000. *Resp't Ex. B at 24-25; Johnson testimony.*
22. Johnson multiplied the monthly rent of \$2000 by the GRM of 125 to arrive at a value of \$250,000 for the subject property. *Resp't Ex. B at 7.*

² MLS is a database used by real estate professionals.

³ Fox testified that some of the data Johnson presented was incorrect. Fox owned two of the properties in Johnson's initial list. For one, Fox testified that the gross rent figure and bedroom count were incorrect. For the other, Fox stated that the sale price and bedroom count were wrong. The Respondent noted that Johnson eliminated those properties from the GRM calculation when he narrowed his data set.

⁴ Johnson's report listed two bedrooms above-grade, but both parties agree the subject property has four bedrooms.

iii. Direct Capitalization Approach

23. Although he noted that a direct capitalization approach is not a generally accepted practice for a single house, in response to criticism from Fox, Johnson developed one during the hearing. First, he estimated expenses of \$7,800-\$9,400 per year based on Fox's testimony. Johnson assumed an income of \$24,000 per year or \$2,000 per month. This results in a 32.5% operating expense ratio, which Johnson considered typical. He then calculated values based on 6%, 7%, and 8% capitalization rates. The resulting values were \$270,000, \$231,428, and \$202,500 respectively.⁵ *Johnson testimony.*

c. Johnson's Reconciliation

24. Johnson reconciled his sales-comparison approach and GRM approach settling on a true tax value of \$240,000 for the subject property. *Resp't Ex. B at 7; Johnson testimony.*

2. Ross's Appraisal

25. The Petitioner engaged the services of Michael A. Ross of Ross Appraisal and Consultation. Ross is an Indiana Certified General Appraiser. He is part of the Indianapolis Metropolitan and Indiana Boards of Realtors. He has done work for the Indiana Attorney General's Office and the Indiana Department of Transportation. Ross began working in the appraisal industry in 1992 and in 2003 became an Indiana Certified General Appraiser. He worked in Monroe County for the first 10 years of his appraisal career. He provided an initial appraisal to the taxpayer with an effective date of September 13, 2014. Ross then aged that appraisal to June 15, 2017 for purposes of this hearing. *Pet. Ex. A at 5, Pet. Ex. B; Ross testimony.*

a. Ross's Research and Market Overview

26. Ross completed his initial research in 2014. He conducted an external observation of the property and considered it to be in average condition. Ross also reviewed the property record card for the subject property. Ross found the house's condition was fair to average. He considered the relevant market for the property to be the south side of

⁵ It does not appear that Johnson accounted for taxes either as an expense or by loading his capitalization rates.

Bloomington. Ross described the neighborhood boundaries as east of Walnut Street, south of East Third Street, and north of Miller Drive. Ross felt that market conditions within the subject property's area were average. He certified that his appraisal is USPAP compliant. *Pet. Ex. A at 2, 5; Ross testimony.*

27. The Ross appraisal indicates that the subject property has four bedrooms above-grade and an unfinished basement. All three of his comparable properties contain only two bedrooms. Ross mentioned that he took the information from the Assessor's records. After visiting the subject property he discovered two bedrooms and one bathroom are in the partially finished basement. He argued that the subject property should be considered a two-bedroom house because only two bedrooms are above ground level. *Ross testimony.*

b. Ross's Valuation

28. Ross only prepared a sales-comparison approach because "I wasn't preparing a report for submission at that time to appeal anything." Ross noted that the cost approach is not appropriate due to the age of the improvements. *Pet. Ex. A at 5; Ross testimony.*
29. Ross began by looking for sales of similar properties in similar neighborhoods. Because the subject property is exclusively used for students, he looked for properties that were student occupied housing similar in size, location, and condition. Ross noted that there are several neighborhoods that could be similar. Ross identified three comparable properties. The properties are located at 1301 S. Lincoln Street, 1209 S. Madison Street, and 412 E. Wyle Street. All three properties were within one mile of the subject property. The properties sold between June 13, 2014 and July 16, 2014. *See Pet. Ex. A at 5.*
30. Ross adjusted the comparables for factors such as site size, garage, above-grade room count, basement size and gross living area. After adjustment, the sale prices ranged from \$123,750 to \$136,000. He reconciled these to a value of \$130,000 as of September 13, 2014. *Id.*

31. Ross then aged this value from September 13, 2014 to June 15, 2017.⁶ To do this, Ross testified that he “looked for sales of similar properties, looked for sales in similar neighborhoods, and used the same kind of parameters and searched for sales of rental properties...” Ross did not provide any additional detail such as addresses, sale prices, or sale dates. Based on his research, he arrived at a value of \$175,000 as of June 15, 2017. Ross also testified that as of January 1, 2016 he believed that “the value...would be lower [than his June 15, 2017 value] given the fact that this is a very aggressive market and prices are rising quite rapidly here.” *Pet. Ex. A, B; Ross testimony.*

d. Additional testimony

32. Ross also offered some criticism of Johnson’s appraisal. He primarily argued that Johnson should not have used data from after the January 1, 2016 valuation date. He also testified that “all of the sales, the rent comparisons...the information that was used was all after that date.”⁷ For that reason, Ross argued that Johnson’s appraisal did not provide a reliable valuation. Ross also testified that he could not justify a value of \$240,000 for the subject property. *Ross testimony.*

33. Ross criticized the GRM approach because the number of factors that go into sale prices and rent make it difficult to “apply across the board.” He also argued that using specific expense numbers from the subject property would be superior to using a GRM. In addition, Ross argued that the gravel parking area should not be included in the valuation of the property because it is not up to code. *Ross testimony.*

3. Ellis Calculations

34. The taxpayer also engaged the services of William Ellis. Ellis is a Level III Assessor-Appraiser. He prepared a GRM analysis of the subject property, but did not claim that he complied with USPAP. *See Pet. Ex. E, F.*

⁶ Ross testified that his new effective date was June 16, 2017 but his letter indicates the actual effective date was June 15, 2017.

⁷ This is incorrect. Although the sales Johnson used in his sales-comparison approach occurred after January 1, 2016, much of the data used in his GRM approach was from before January 1, 2016.

35. Ellis determined the location of the subject property to be a “prime spot for rentals.” He selected three comparable rental properties for his calculations from the “Trending 151-2006” classification area.⁸ The properties are located at 107 E. 1st Street, 210 E. Grimes Lane, and 1315 S. Washington Street respectively. Fox was an owner or part owner of all properties. Fox also testified that he was involved in the purchases and they were all arms-length transactions. *Ellis testimony; Fox testimony.*
36. The properties are all within 1.1 miles of the subject property. Ellis calculated a GRM for each property using information he received from Fox. He then determined an average GRM of 6.52.⁹ Using a monthly rent of \$2000, he then calculated a total value of \$156,480 as of January 1, 2016. *Pet. Ex. E, F; Ellis testimony.*

4. Fox Testimony

37. The Petitioner, Justin Fox, testified on his own behalf. Fox has been involved in real estate development since 1996. He owns approximately 25 properties. Fox explained the general practices he goes through to rent a property. He testified that the subject property typically rents for between \$2000 and \$2200 per month. *Fox testimony.*
38. Fox also testified about the subject property’s yearly expenses. He stated that insurance and taxes are \$5800 to \$5900 per year. Maintenance and landscaping can range from \$3000 to \$4500 per year. Management and time-to-lease costs are equivalent to one month’s rent, on average \$3100 to \$3300 per year. He testified that after expenses he earns between \$10,000 and \$11,000 per year for this property. He admitted that these numbers could vary. *Fox testimony.*
39. Fox estimated that the subject property would have a capitalization rate of 7 or 8 percent. He developed this capitalization rate based on his experience as a developer, being in the Bloomington market, and talking with other developers. *Fox testimony.*

⁸ Ellis also criticized Johnson for using sales from outside this neighborhood.

⁹ Ellis calculated a monthly GRM, while Johnson used a yearly GRM.

40. Fox testified about Johnson's comparable properties. Regarding Johnson's first comparable, Fox stated that he would pay a premium for it because it was a nice house that he would live in himself. He compared that to the subject property, which he stated he would not want to live in because it was surrounded by students. *Fox testimony.*
41. Fox testified that he would not pay \$240,000 for a property that makes between \$11,000 and \$15,000 per year. Fox also testified about a number of alleged city code violations, such as competing landlords adding illegal bedrooms. He claimed that this allows them to charge an extra \$1000 per month. He felt that these activities were inflating the prices of other properties and as a result his own. On cross-examination, he admitted that he did not know if any of the Johnson comparable properties were engaged in such illegal activities. *Fox testimony.*

5. Sharp Testimony

42. Judy Sharp, the Monroe County Assessor, testified that Monroe County uses the GRM method for mass appraisal. It is the preferred method under Indiana Code § 6-1.1-4-39(b). Sharp developed her GRM based on sales data. She considered the GRM method to be the most fair and equitable. Sharp acknowledged the law does not obligate her to use the GRM, but she emphasized that GRM is the preferred method by statute. *Sharp testimony.*
43. Sharp went on to clarify that the neighborhood designation on the property record card does not play a factor in establishing a GRM. She explained that information such as "151 Trending 2006" does not affect the GRM. It is merely a code for the market adjustment factor. Sharp commented that sales drove the increase in the assessment. She also explained that every house in the neighborhood increased in assessment. *Sharp testimony.*

BURDEN OF PROOF

44. Generally, the taxpayer has the burden to prove that an assessment is incorrect and what the correct assessment should be. *See Meridian Towers East & West v. Washington Twp. Ass'r*, 805 N.E.2d 475, 478 (Ind. Tax Ct. 2003); *See also Clark v. State Bd. of Tax*

Comm'rs, 694 N.E.2d 1230 (Ind. Tax Ct. 1998). The burden-shifting statute has two exceptions to that rule.

45. First, Ind. Code § 6-1.1-15-17.2 “applies to any review or appeal of an assessment under this chapter if the assessment that is the subject of the review or appeal is an increase of more than five percent (5%) over the assessment for the same property for the prior year.” Ind. Code § 6-1.1-15-17.2(a). “Under this section, the county assessor or township assessor making the assessment has the burden of proving that the assessment is correct in any review or appeal under this chapter and in any appeals taken to the Indiana board of tax review or the Indiana tax court.” Ind. Code § 6-1.1-15-17.2(b).
46. Second, Ind. Code § 6-1.1-15-17.2(d) “applies to real property for which the gross assessed value of the real property was reduced by the assessing official or reviewing authority in an appeal conducted under IC 6-1.1-15.” Under those circumstances, “if the gross assessed value of real property for an assessment date that follows the latest assessment date that was the subject of an appeal described in this subsection is increased above the gross assessed value of the real property for the latest assessment date covered by the appeal, regardless of the amount of the increase, the county assessor or township assessor (if any) making the assessment has the burden of proving that the assessment is correct.” Ind. Code § 6-1.1-15-17.2(d).
47. The Assessor conceded that she has the burden of proof. We agree with the Assessor’s concession and find the burden of proof rests with the Assessor.

CONCLUSIONS OF LAW AND ANALYSIS

A. True Tax Value and Valuation Date

48. Indiana assesses real property based on its true tax value, which the Department of Local Government Finance (“DLGF”) has defined as “the market value-in-use of a property for its current use, as reflected by the utility received by the owner or a similar user, from the property.” 2011 REAL PROPERTY ASSESSMENT MANUAL at 2 (incorporated by reference at 50 IAC 2.4-1-2); *see also* I.C. § 6-1.1-31-6(c). Parties may offer evidence that is

consistent with the DLGF's definition of true tax value. A market-value-in-use appraisal prepared according to the Uniform Standards of Professional Appraisal Practice often will be probative. *Kooshtard Property VI v. White River Twp. Ass'r*, 836 N.E.2d 501, 506 (Ind. Tax Ct. 2005). Parties may also offer actual construction costs, sale or assessment information for the subject or comparable properties, and any other information compiled according to generally acceptable appraisal principles. I.C. § 6-1.1-15-18.

49. Regardless of the method used to prove true tax value, a party must explain how its evidence relates to the subject property's market-value-in-use as of the relevant valuation date. *See O'Donnell v. Dep't of Local Gov't Fin.*, 854 N.E.2d 90, 95 (Ind. Tax Ct. 2006), *see also* 2011 REAL PROPERTY ASSESSMENT MANUAL at 4. The effective valuation date for the 2016 assessment year was January 1, 2016. *See* Ind. Code § 6-1.1-4-4.5(e) (2016).

B. Valuation Evidence

1. Johnson Appraisal

50. As stated above, the Respondent bore the burden of proof showing that the 2016 assessment of \$242,100 is correct. The Respondent presented a USPAP-compliant appraisal prepared by Wayne Johnson. He valued the property at \$240,000. We find the Johnson appraisal to be reliable evidence of the subject property's true tax value as of January 1, 2016.

a. Johnson's Sales-Comparison Approach

51. The sales-comparison approach is one generally accepted method for appraising property. As stated above, Johnson selected his comparable properties based on their relative location to the Indiana University campus. The Petitioner argued that Johnson's comparable property at 616 E. 1st Street was not comparable because it was not in an area surrounded with student rentals like the subject property and was in a better school district. On cross-examination, Johnson noted that a buyer would not necessarily pay more for an owner-occupied home because "rents vary." He also noted that a variety of

factors go into selecting comparable properties in an appraisal. School districts are merely one factor, not the sole factor. While this criticism has some merit, we do not find that it detracts from the overall reliability of Johnson's appraisal.¹⁰

52. As stated above, Ross criticized Johnson for using data from after the effective date of January 1, 2016. The Indiana Tax Court in *Marion Cnty. Assessor v. Simon DeBartolo Grp., LP*, 52 N.E.3d 65, 70 (Ind. Tax Ct. 2016) stated, "[one] can present evidence of present-day property values as long as they attempt to relate that evidence to the appropriate valuation and assessment dates." *Id.* Here, Johnson's comparable properties all sold within approximately eight months of the January 1, 2016 assessment date. He adjusted the sales price of his comparable properties back to the assessment date of January 1, 2016. We find Johnson's choice of data appropriate.¹¹
53. Ellis criticized Johnson for not selecting comparable properties from the Trending 151-2006 neighborhood. Ellis failed to point to any authority showing that Johnson was required to only use comparable sales from the same assessment neighborhood. We find Johnson adequately explained why the properties were comparable.

b. Johnson's GRM Approach

54. Johnson also developed a GRM income approach. The Petitioner took issue with two of the properties from Johnson's initial GRM analysis. As stated above, Fox testified that he is the owner of two of the properties included in Johnson's original 43 property data set. He commented on issues with the sale price, rent figures, and bedroom counts for each property. But neither of these properties were included in Johnson's final data set. The Petitioner did not point to any other flaws with Johnson's GRM approach. We find Johnson's approach sound despite the two minimal errors the Petitioner pointed out. Additionally, we note that Johnson's rental rate of \$2000/month is supported by both the Fox and Ellis testimony.

¹⁰ We also note that Fox's testimony that other landlords may be engaging in illegal activities such as renting out extra bedrooms is not persuasive because of its speculative nature.

¹¹ Ross also criticized Johnson's parking adjustment. We find the evidence inconclusive as to whether this adjustment was appropriate, but note that it had a minor impact on Johnson's conclusion.

c. Johnson's Direct Capitalization Approach

55. During the course of the hearing, Johnson calculated a value for the subject property using the direct capitalization approach. It does not appear that he accounted for real estate taxes. We give little weight to the reliability of these calculations, but find they do offer some support for Johnson's opinion of value for the subject property.

d. Johnson's Reconciliation

56. Johnson relied primarily on the sales-comparison approach and GRM-based income approach. We find both approaches to be credible. The Petitioner did not point to any significant flaws that would undermine the reliability of Johnson's opinion of value. Given the aggressive market described by both parties, we find that Johnson's conclusion of \$240,000 to be a reliable estimate of true tax value.

2. Ross Appraisal

57. As stated above, Ross used the sales-comparison approach to develop his opinion of value. The original effective date of his appraisal was September 13, 2014. He then trended his appraisal forward to June 15, 2017, but provided scant explanation of that trending. The appropriate valuation date at issue was January 1, 2016. *See* Ind. Code § 6-1.1-4-4.5(e). Ross gave no opinion of value as of January 1, 2016. In his testimony, he merely stated that he would expect the value of the subject to be between his 2014 and 2017 value. Ross criticized Johnson for using sales and information from after the effective date of January 1, 2016. But his own effective date was over one and a half years after the relevant assessment date. In addition, we find that Ross failed to adequately explain how he trended his original appraisal. For these reasons we find Ross's opinions unreliable.

3. Ellis Testimony

58. Ellis also prepared a GRM approach. He did not certify that he complied with USPAP. He based his valuation on three properties that were all owned by Fox. While Ellis's

calculations do provide some evidence of value, we find the quantity and quality of his data to be deficient.

4. Fox testimony

59. Fox testified about his yearly expenses and income, but did not quantify these estimates to a specific value. As stated above, the onus is on a party to show how their evidence relates to the market-in-use value. Fox admitted that his numbers were not exact but merely an “approximation” of his yearly expenses. He also estimated that the capitalization rate could range from 7% to 8%. A one percent difference in the capitalization rate can have a dramatic effect on the estimated value of a property. We find Fox’s estimates to be both imprecise and unreliable.

C. Conclusion

60. The Petitioner repeatedly argued that an income capitalization approach would produce the most accurate result. But neither party offered a reliable income capitalization approach. In addition, Indiana Code § 6-1.1-4-39(b) provides that: “(b) The gross rent multiplier is the preferred method of valuing: (1) real property that has at least one (1) and not more than (4) rental units . . .” For that reason, we find Johnson’s use of a GRM analysis appropriate.
61. We also find Johnson’s GRM analysis superior to Ellis’s. Johnson is an MAI appraiser and the only certified appraiser to develop a GRM. Johnson’s analysis was more thorough than Ellis’s and included better quantity and quality of data. Johnson began his analysis with 43 properties and narrowed it down to 11 properties. Ellis merely used the three comparable properties owned by Fox. For these reasons we find Johnson’s GRM analysis much more persuasive.
62. In addition, neither Ross’s nor Fox’s testimony was sufficient to rebut Johnson’s appraisal. Ross’s appraisal was originally from 2014. It was then trended almost a year and a half past the assessment date. He also failed to provide any details about how he

trended the appraisal. Fox's testimony was both imprecise and failed to come to any conclusion of value.

SUMMARY OF FINAL DETERMINATION

In accordance with the above findings of fact and conclusions of law, the Board determines the 2016 assessed value must be reduced to \$240,000. The Indiana Board of Tax Review issues the Final Determination of the above captioned matter on the date written above.

Chairman, Indiana Board of Tax Review

Commissioner, Indiana Board of Tax Review

Commissioner, Indiana Board of Tax Review

- APPEAL RIGHTS -

You may petition for judicial review of this final determination under the provisions of Indiana Code § 6-1.1-15-5 and the Indiana Tax Court's rules. To initiate a proceeding for judicial review you must take the action required not later than forty-five (45) days after the date of this notice. The Indiana Code is available on the Internet at <<http://www.in.gov/legislative/ic/code>>. The Indiana Tax Court's rules are available at <<http://www.in.gov/judiciary/rules/tax/index.html>>.